

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOSEPH E. CONNARTON, *Executive Director*

Auditor SUZANNE M. BUMP | KATE FITZPATRICK | ELIZABETH FONTAINE | JOHN B. LANGAN | JAMES M. MACHADO | ROBERT B. MCCARTHY

MEMORANDUM

TO: Westfield Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: November 17, 2015

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on November 1 of each fiscal year. The schedule reflects 5.0% annual increases in appropriation until the amortization of the unfunded actuarial liability is completed. The schedule is effective in FY16 (since the amount under the prior schedule was maintained in FY16) and is acceptable under Chapter 32.

In our June 16, 2015 letter, we recommended the System reduce the investment return assumption. The Board decided to maintain the 7.75% assumption from the 2013 valuation. Therefore, it is more likely we will recommend a reduction in this assumption in the 2017 valuation. The revised schedule reflects the adoption of a fully generational mortality assumption.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

Enc.



Westfield Retirement System
January 1, 2015 Actuarial Valuation

Total Cost Increasing 5.0% to FY33 with Final Amortization Payment in FY34
 7.75% Investment Return Assumption

<u>Fiscal</u> <u>Year</u>	<u>Normal</u> <u>Cost</u>	<u>Amort. of</u> <u>UAL</u>	<u>Amort. of</u> <u>2002 ERIP</u>	<u>Total</u> <u>Cost</u>	<u>Unfunded</u> <u>Act. Liab.</u>	<u>Total Cost</u> <u>% Increase</u>
2016	3,086,370	5,203,591	675,391	8,965,352	87,559,846	
2017	3,225,257	5,482,579	705,784	9,413,620	88,164,829	5.0%
2018	3,370,394	5,776,363	737,544	9,884,301	88,491,427	5.0%
2019	3,522,061	6,085,720	770,734	10,378,516	88,501,074	5.0%
2020	3,680,554	6,411,470	805,417	10,897,441	88,151,330	5.0%
2021	3,846,179	6,754,474	841,660	11,442,313	87,395,536	5.0%
2022	4,019,257	7,115,637	879,535	12,014,429	86,182,445	5.0%
2023	4,200,124	7,495,913	919,114	12,615,151	84,455,808	5.0%
2024	4,389,129	7,896,305	960,474	13,245,908	82,153,940	5.0%
2025	4,586,640	8,317,868	1,003,696	13,908,204	79,209,238	5.0%
2026	4,793,039	8,761,713	1,048,862	14,603,614	75,547,667	5.0%
2027	5,008,726	9,229,008	1,096,061	15,333,794	71,088,199	5.0%
2028	5,234,118	9,720,983	1,145,383	16,100,484	65,742,206	5.0%
2029	5,469,654	11,435,855		16,905,508	59,412,803	5.0%
2030	5,715,788	12,034,996		17,750,784	51,994,134	5.0%
2031	5,972,998	12,665,325		18,638,323	43,370,609	5.0%
2032	6,241,783	13,328,456		19,570,239	33,416,059	5.0%
2033	6,522,664	14,026,087		20,548,751	21,992,845	5.0%
2034	6,816,183	9,173,448		15,989,631	8,950,872	-22.2%
2035	7,122,912			7,122,912	0	-55.5%

Appropriation payments assumed to be made November 1 of each fiscal year.

Normal cost assumed to increase 4.5% per year.

Assumed expenses of \$550,000.